

Message Text

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TO ALL AFRICAN DIPLOMATIC POSTS

AMCONSUL LOURENCO MARQUES

AMCONSUL LUANDA

USINT ALGIERS

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INFORM CONSULS

E. O. 11652: N/ A

TAGS: PFOR, XA

SUBJ: SECRETARY' S FOREIGN POLICY REPORT

1. SECRETARY' S REPORT, SCHEDULED FOR RELEASE APRIL 19, IS
IMPORTANT VEHICLE FOR CONVEYING OUR POLICIES AND CONCERNS
TO AFRICAN COUNTRIES.

2. AFRICAN CHAPTER CONCENTRATES ON MUTUAL ECONOMIC
INTERESTS OF AFRICA AND US TOGETHER WITH OUR SHARED
COMMITMENT TO ECONOMIC AND SOCIAL DEVELOPMENT. AFRICAN
TRADE AND DEVELOPMENT CONFERENCE OF OCTOBER 1972 IS
PROMINENTLY FEATURED. INVESTMENT FIGURES ARE NOTEWORTHY.
QTE U. S. DIRECT PRIVATE INVESTMENTS HAVE GROWN TO AROUND
DOLS. 4 BILLION FROM DOLS. 2.7 BILLION AT THE BEGINNING
OF 1969. INVESTMENT IN THE DEVELOPING AFRICAN COUNTRIES
HAS ACCOUNTED FOR 77 PERCENT OF THIS INCREASE AND NOW
STANDS AT 75 PERCENT OF THE TOTAL. UNQTE AFRICA' S
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MINERAL AND ENERGY RESOURCES CITED AS INDICATION OF
CONTINENT' S POTENTIAL. WITHIN CONTEXT OF LONG TERM TRADE

GROWTH AND US EXPORT EXPANSION, REPORT NOTES THAT LAST YEAR' S TRADE BALANCE WITH AFRICA WAS UNFAVORABLE. REPORT DESCRIBES STABLE LEVEL OF OVERALL US ECONOMIC ASSISTANCE EFFORTS. QTE IN 1972 OUR BILATERAL ECONOMIC AID TO AFRICA, INCLUDING LONG- TERM CREDITS FROM THE EXPORT- IMPORT BANK, WAS DOLS. 397.5 MILLION, THE HIGHEST LEVEC SINCE 1963. SUBSTANTIAL U. S. CONTRIBUTIONS PENDING A STANDBY AGREEMENT WITH THE IMF.

IN SPITE OF THE INEVITABLE DISLOCATIONS THAT ACCOMPANIED THE DEVALUATION AND THE DISSATISFACTION AMONG URBAN WORKERS IMMEDIATELY AFTERWARD, THE OUTLOOK FOR THE NATIONAL ECONOMY IS MORE PROMISING THAN IT HAS BEEN FOR A NUMBER OF YEARS. PRIVATE SECTOR INVESTMENT IN 1972 REACHED NEARLY \$40 MILLION, A DRAMATIC INCREASE OVER THE TOTALS OF RECENT YEARS. FOREIGN ASSISTANCE AGENCIES INCREASED THEIR IMPUT WITH A. I. D. LENDING \$30 MILLION, THE IDB APPROVING LOANS FOR \$32.5 MILLION, AND THE IBRD APPROVING THE FIRST PHASE OF A \$25 MILLION LOAN PACKAGE. THE UNITED STATES ALSO PROVIDED MILITARY ASSISTANCE IN RESPONSE TO BOLIVIAN GOVERNMENT REQUESTS.

THE DEVALUATION/ STABILIZATION PROGRAM HAS IMPROVED BOLIVIA' S ECONOMIC OUTLOOK. BUT THE GOVERNMENT MUST STILL CONTENTEND WITH POPULAR DISSENT, ESPECIALLY AMONG URBAN WORKERS WHO COMPLAINED OF REDUCED BUYING POWER AND INCREASED PRICES AND SPECULATION- INDUCED SCARCITIES. TO COPE WITH URBAN UNREST AND WORK STOPPAGES, THE GOVERNMENT INSTITUTED PRICE AND WAGE CONTROLS, LATER SUPPLEMENTED BY A FAMILY ALLOWANCE FOR LOW INCOME WORKERS, AN EMERGENCY FOOD DISTRIBUTION PROGRAM, AND IMPROVED PRICE ADMINISTRATION. THE YEAR ENDED WITHOUT MAJOR LABOR PROBLEMS.

BOLIVIA IS A MEMBER OF THE RIVER PLATE BASIN GROUP AND THE LATIN AMERICAN FREE TRADE ASSOCIATION (LAFTA), BUT IS MOST ACTIVE IN THE ANDEAN GROUP ECONOMIC INTEGRATION MOVEMENT. ITS IMPLEMENTATION OF THE ANDEAN FOREIGN INVESTMENT CODE HAS BEEN MORE PRAGMATIC THAN THAT OF SOME OTHER MEMBER COUNTRIES, REFLECTING BOLIVIA' S DESIRE TO ATTRACT FOREIGN INVESTORS. END QUOTE. ROGERS

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